

CHURCH TAXES AND INCORPORATION FOLLOW-UP

October 5, 2000 (David Cloud, Fundamental Baptist Information Service, P.O. Box 610368, Port Huron, MI 48061, wayoflife.org, fbns@wayoflife.org) - A couple of days ago I published a brief article stating that a federal judge has ordered the Indianapolis Baptist Temple to vacate its property by November 14 to pay off a \$6 million IRS tax lien. I made the following observation: "While we believe the United States government is being unreasonable and heavy-handed in taking the property of a church for failure to pay taxes, we also believe that Christians should not be tax rebels. The Lord Jesus Christ and His apostles paid taxes even though the taxation was admittedly unrighteous (Matt. 17:24-27), and the books of Romans and 1 Peter instruct Christians to do the same (Romans 13:1-7; 1 Peter 2:12-15)."

I have received a number of replies about this, and I believe some of them contain information that would help our readers better evaluate this situation. The first one is by Greg Dixon, who is the pastor of the Indianapolis Baptist Temple. I want to apologize for the apparent mistake that was contained in the report that I quoted (though I am not sure that there is a very great difference between ordination and commissioning). We need to pray for this congregation and for the rapidly growing animosity of the United States government against Bible-believing churches:

"David, Read your article about our case. There are a couple of errors I wish you would make right. 1. We never ordained all of our staff. This would be contrary to Bible doctrine. We did commission our staff and teachers. Of course our Pastors are ordained. 2. We are not tax rebels. 60 of our ministers were audited and all passed. Most ministers are self-employed. As a Brother in Christ I beg of you to call next time and get your facts from us. The misinformation by the secular news media is bad enough but from our Brothers its even worse. Thank you for your consideration."

Greg A. Dixon

"Dear David Cloud,

"If you would do your homework you would discover that the ministers of the Indianapolis Baptist Temple as well as all the members have paid the taxes personally as self employed individuals. All of the workers have been audited and none were found to be delinquent on taxes. The issue of this case is over who is the Lord of the church of the Lord Jesus Christ. Being a student of Baptist history

I'm sure you remember that many Baptists were persecuted in Colonial America because they refused to pay taxes to the colonial governments of the colonies because the taxes were used to support the state churches of the colonies. For this reason they were imprisoned, their meeting houses burned, and many were driven from the colonies and exiled. the exact same principle is involved in this case. If you will take the time to read the actual court proceedings in this case you will discover that the issue is not taxation, but the Lordship and headship of the Lord Jesus Christ over his church. Don't forget that though individuals may have an obligation to pay taxes to civil government this does not extend to churches. For the state to extract taxes from the church is to confess that the state is sovereign over Christ. Also remember that every non for profit organization in America that promotes or preaches truth that is contrary to public policy will be stripped of their tax exempt status. For churches that are presently facing this persecution they have two choices: they must begin to pay taxes to government from God's money(equivalent to confessing Caesar as Lord) or if they refuse they will be faced with the same fate as the Indianapolis Baptist Temple, having their buildings and property confiscated to satisfy government tax leans and penalties. Thank God for a church that is standing now in the face of unprecedented persecution upon the New Testament church that is soon to follow. What Baptist Temple in Indianapolis is facing now on the front lines every Bible believing church will face in the next fifty years as America continues its drift into opposition to Bible Christianity and attack upon religious liberty."

Sincerely,
Andrew D. Green, Pastor

"If our forefathers were not tax rebels we'd still be the colonies of Great Britain!"
Don Hagen

"The situation involving Indianapolis Baptist Temple is quite complex, I am not sure how much you know about the case. I am a bit concerned about this last paragraph in your post. The members of IBT have all paid their taxes as required by law, several of the members were audited over the past 10 years and all came out unscathed and shown to have made no fraudulent entries on their tax forms.

"The issue centers around the IRS' demand for IBT to withhold taxes from their ministers and file forms with the government and issue withholding and earning forms to their ministers. A quick review of the IRS tax code shows this is not a requirement for any church. A church is not required to file anything with the government and is not required to pay, nor withhold any taxes.

“The core of the matter is that IBT unwittingly incorporated themselves in the beginning of their ministry, and then unwittingly dissolved it to form an unincorporated religious association instead. These legal entities that are para-church organizations as they are the legal representation of a congregation and not the congregation itself are held to follow certain practices or risk losing their ‘tax exempt’ status with the IRS. It is the unincorporated religious association that the IRS is attempting to receive taxes from, and that entity was dissolved in the early 1990s.

“In their written judgment against Indianapolis Baptist Temple the ruling states that taxes are not an intrusion into the activities or doctrines of a church and therefore can be imposed upon a church. They also state that these taxes are not a burden upon the church, and even the seizing of the property of IBT is not overstepping the bounds and that it is not too excessive nor too intrusive to a church. In this same written judgment they claim that “total church and state” separation is not required by law.

“These comments by the justice department are very alarming to me. If my little church was taxed by the government we would not have the money necessary to meet our needs, and we carry no debts at our church.

“I believe the real problem is that churches have set themselves up to be businesses and run themselves as businesses, so the government views them as businesses.

“We at Old Landmark Baptist Church, Greenfield, Indiana are not a business but a church and the government has no rights to make any demands upon us.

“I believe that along the way IBT has made some errors in their decisions, but to my knowledge they had no example to follow and were on unfallowed ground. I’ve learned from their mistakes and will not be making the same ones.

“While I do not have a personal relationship with IBT or Bro Greg Dixon, my heart goes out to them over losing all their property to the IRS.”

Pastor David Stogsdill

“P.S. I believe you are a gracious man of God and I appreciate you. I hope that my email to you was not taken in the wrong spirit or that it read as being critical or harsh. That was not my intent. I do not believe this current administration is ‘church friendly’ and would love to make ‘hate criminals’ out of those who want to evangelize. Our church exists in a Methodist ran county and though we are new and very small we have had several run-in's with local offices who had acted out f

prejudice rather than law. They have tried to stop us from doing very thing that we've done around here, but have had no ordinances or laws on the books to back up their actions. While I do not believe government is inherently evil, I believe our governments from local to nation have dramatically moved in that direction.”

“This story is more than about ‘paying taxes’ This particular fight has been going on for many years. This church is trying to prove, or show, that they have a right not to be part of the incorporation status that gives the ‘state’ supreme control over the ‘church.’ And, let me remind you that the Bible and books you reference instructs us to live accordingly within each state, ordinances, honoring the king, etc., and; this congregation is doing just that. Living within the structure of the U.S. Constitution and Bill of Rights. The Temple recognized early on that for it to be ‘incorporated’ it was giving authority to the state for it’s very existence. Something we should all pay attention to.”

Sincerely,

Raymond Perusina, Jr.

Brother Cloud,

“The problem Brother Dixon faces is this: Indianapolis Baptist Temple originally was a 501(c)(3) corporation as defined by the IRS Code. A corporation whose existence is based on and derived from the IRS Code must obey the rules placed upon it by the code.

“Pastor Dixon has been given very bad advice from a particular “christian attorney” who represents him and the church. They allegedly dissolved the 501(c)(3) some years ago and gave the property previously held by the 501(c)(3) to the unincorporated church. PROBLEM! The code says you must, upon the dissolving of a 501(c)(3), give all assets to another 501(c)(3) OR, the taxes that would have been due at the time monies were given to the 501(c)(3) NOW become due.

“The attorney representing IBT has maintained in his pleadings that the FEDS have no authority to tax a ‘church’ (aka 501(c)(3)) and he is dead wrong. The government may not tax an unincorporated church, i.e. a non-501(c)(3), and has never asserted it can. But a federal corporation, receiving the benefit of the 501(c)(3) status it most certainly can tax. The US Code created the 501(c)(3) and therefore, it must obey its master and creator.

“Our Lord, on the other hand, created the Church which, in this country at least, is free from any tax per the First Amendment.

“Our ignorance has again created a variety of problems wholly unnecessary. And remember, Romans 13 does not require unlimited submission on the part of the people of God. The civil authority must impose just laws. Laws that violate the scripture and the Law of God are owed no obedience. In fact, it is our duty to resist them.

“Thank God John Wycliffe and William Tyndale and a host of others disobeyed, resisted and eventually, in some cases, overthrew the civil authorities. The world would not be the same without the Reformation. In fact, Western Culture as we know it, wouldn’t exist either.

“We really need to educate our pastors and churches regarding the 501(c)(3) issue. If I can be of help, please let me know.”

Pastor David C. Kanz

CONCLUDING NOTE FROM BROTHER CLOUD:

Some have charged me with not looking into this matter, but that is not the case. I have looked into the non-incorporation issue from time to time over the years. Many men have tried to win me over to their side on this issue so they could use my pen in their cause, and I have listened to what they have had to say. I understand that the government is to be resisted under certain conditions and that God does not instruct us to obey without question. I faced these issues as a missionary overseas in a context much more difficult than that which currently exists in the United States. My 10 years of missionary work was conducted in a land where the preaching of the gospel was strictly illegal.

I wanted to publish the previous letters to give our readers the arguments behind the resistance that is going on at the Indianapolis Baptist Temple, but I have concluded in my own mind and heart that this is an issue that each church is free to decide before the Lord. I do not believe it is a cut and dry issue of obedience or compromise. I do not believe it is an article of the faith. I know that does not sit well with those who think that incorporation is disobedience to the Bible, but that is the conclusion that I have reached every time I have evaluated this before the Lord. I would think that men who want the government to allow them the freedom to serve Christ as they see fit, and are willing to suffer for that cause, will grant me the freedom to do the same, even if I disagree with them.

I do understand that some Baptists in days gone by have refused to pay taxes, but that does not mean they were always correct. It also does not mean that the situation today is the same as that which some of them faced. I do know something about this. I have a very serious and expensive church history library and have recently published many of the important old Baptist histories on our new Fundamental Baptist CD-ROM Library, so that these excellent materials will be more readily accessible today. It is fascinating and instructive to read about how Bible-believing Christians in days gone by have related to the government. Such instruction teaches me that there is a time to resist the government, and there is a time not to do so. The church state issue, for example, was an entirely different situation, in my thinking. If the government is collecting tithes and paying state-church ministers, as it was doing in England and even in some parts of America in its early history, that is a different situation from that which we face in America today. There is no state church in America.

I also know that the United States government at every level is rapidly becoming antagonistic toward Bible-believing churches. This is because the people of the United States as a whole have rejected the God of the Bible and have turned to idols, and the American government is representative of the people.

To return to the tax issue, though, the fact stands that there is no example of Christians in the Bible refusing to pay taxes even to a pagan government. The Lord Jesus Christ and the Apostles did pay taxes. To say that the paying of taxes robs Christ of His headship appears to be so much nonsense to me in light of plain Bible facts. I believe the church started during the ministry of Christ, and that means that the first church and its Head and Pastor paid taxes to a very unrighteous and unjust government (Matt. 17:24-27). The books of Romans and 1 Peter instruct Christians to do the same (Romans 13:1-7; 1 Peter 2:12-15).

I believe we should pray for and support the Indianapolis Baptist Temple in its fight against the government, because the government is acting wickedly. For the United States government to claim that one small church owes six million dollars in taxes and fines is beyond any sense of reasonableness. At the same time, I have observed that churches that go down the route that the Indianapolis Baptist Temple has gone become fixated on government and conspiracies and all sorts of things that detract from the business Christ has given us. There is no example of this in the New Testament scripture. The Apostles and early churches did not have conferences to warn about the Roman government. The Apostles did not fret over such things in their writings. (Yet the paper that the Indianapolis Baptist Temple publishes is absolutely filled to the brim with this.) The New Testament churches devoted themselves to the fulfillment of the Great Commission. You can argue about that all you want, but it is a Bible fact.

By the way, Baptists have always had disagreements on this issue. That is another thing that history teaches me. The angry letter that I received from Al Cunningham (legal counsel for the Indianapolis Baptist Temple) recently, rebuking me as an ignorant false teacher (his exact words), reminds me anew of the strange, divisive spirit that permeates the non-incorporated movement.

Just some food for thought. May the Lord bless and encourage each of you in these difficult and confusing days.